

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

WAGERLOGIC LIMITED,

Plaintiff and Counter-Defendant,

- against -

PARAMOUNT DIGITAL
ENTERTAINMENT, a division of
PARAMOUNT PICTURES CORPORATION,

Defendant and Counter-Plaintiff,

- against -

CRYPTOLOGIC LIMITED and
GAMING PORTALS LIMITED,

Third-Party Defendants.

x

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Civil Action No. 11 CV
4310

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**REPLY OF
PARAMOUNT
DIGITAL
ENTERTAINMENT TO
CRYPTOLOGIC
LIMITED'S
COUNTERCLAIM**

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x

REPLY

Defendant Paramount Digital Entertainment, a division of Paramount Pictures Corporation ("Paramount," "Defendant" or "Counter-Plaintiff"), for its Reply to the Counterclaim (the "Reply") interposed against it by Third-Party Defendant Cryptologic ("Cryptologic," and "Third-Party Defendant"), states as follows:

1. Paramount denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 122 of the Reply.
2. Paramount denies the allegations contained in paragraph 123 of the Reply.
3. Paramount denies the allegations contained in paragraph 124 of the Reply.
4. Paramount denies the allegations contained in paragraph 125 of the Reply.

5. Paramount denies the allegations contained in paragraph 126 of the Reply.

AFFIRMATIVE DEFENSES

First Affirmative Defense

6. The Reply fails to state a cause of action or claim upon which relief can be granted.

Second Affirmative Defense

7. Cryptologic's claims are barred, in whole or in part, by the doctrines of estoppel, waiver, and laches.

Third Affirmative Defense

8. Cryptologic's claims are barred, in whole or in part, by Cryptologic's unclean hands.

Fourth Affirmative Defense

9. The Reply fails to state a cause of action or claim upon which an award of damages, attorneys' fees, costs or other disbursements and/or relief can be granted.

Fifth Affirmative Defense

10. Cryptologic's claims are barred, in whole or in part, because Plaintiff lacks standing to bring one or more of the claims and/or are not the real parties in interest.

Sixth Affirmative Defense

11. Cryptologic's claims are barred because its own acts or omissions caused the alleged injury and damages complained of in this lawsuit.

Seventh Affirmative Defense

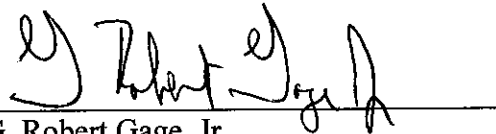
12. Cryptologic's claims are barred because acts or omissions of third parties caused the alleged injury and damages complained of in this lawsuit.

Eighth Affirmative Defense

13. Cryptologic's declaratory judgment claim is barred as a matter of law because Plaintiff has an adequate remedy at law.

New York, New York
January 13, 2011

GAGE SPENCER & FLEMING LLP

A handwritten signature in black ink, appearing to read "G. Robert Gage, Jr.", is written over a horizontal line.

G. Robert Gage, Jr.
grgage@gagespencer.com
Sara Jane Daugherty
sdaugherty@gagespencer.com
410 Park Avenue, Suite 900
New York, New York 10022
Telephone: (212) 768-4900
Facsimile: (212) 768-3629

*Attorneys for Paramount Digital Entertainment, a
Division of Paramount Pictures Corporation*